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21 JUL 1972

MEMORANDUM FOR: Acting Deputy Director for Support

SUBJECT : Agency Annual Report

REFERENCE : Multiple Adse Memo dtd 6 July 72 fr ADD/ S, same subject

The attachment to this memorandum is for your information only. Following the guidelines provided in the reference, it outlines significant developments and major achievements in Logistics support during fiscal year 1972 and summarizes those future prospects considered to be of special interest.


Acting Director of Logistics


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Att

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OL/PS:F  :jw/3357 (21 July 1972)

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WARNING NOTICE
SENSITIVE INTELLIGENCE SOURCES
AND METHODS INVOLVED

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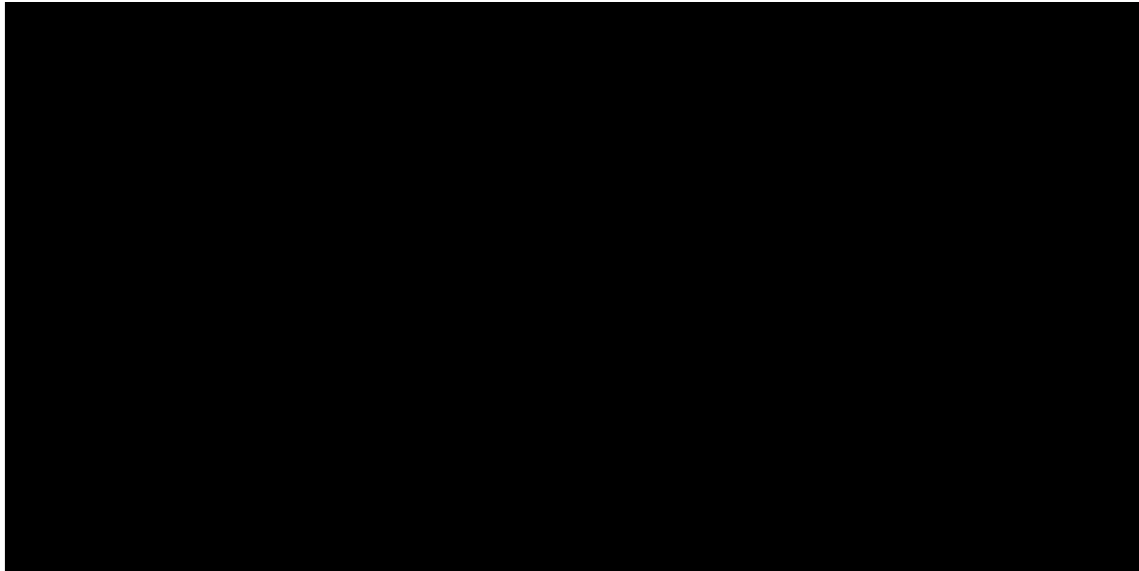
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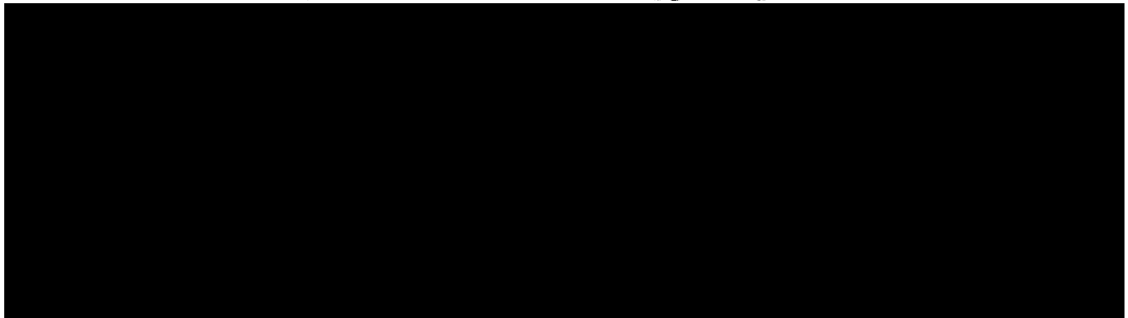


3. China Atlas

Publicity attending production of the unclassified "Peoples Republic of China Atlas" in December 1971 as a background document for the President's meetings in Peking resulted in our release of the document to the Government Printing Office for printing and sale to the public through the Superintendent of Documents. This is the first time an Agency document has been so released. Based on this precedent, arrangements subsequently were made to also release for sale all unclassified General Survey Maps from the National Intelligence Survey publications.

4. Real Estate Construction Support

The significant trend in real estate and construction activities is to move away from major new acquisitions and construction toward consolidation into existing facilities and their improved maintenance and upgrading. With the closeout of



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1	Chief, Plans Staff, DD/S 7-D-18 Headquarters				
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ACTION		DIRECT REPLY		PREPARE REPLY	
APPROVAL		DISPATCH		RECOMMENDATION	
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Remarks: <p>Attached is a new Page 5 of Section I of our Agency Annual Report submission. This page corrects the information contained in paragraph 6 by including the phrase inadvertently deleted from the third sentence of the original version of that paragraph.</p> <p>Would you please insure that Mr. [REDACTED] O/PPB, receives the attached copy of this corrected page.</p>					
FOLD HERE TO RETURN TO SENDER					
FROM: NAME, ADDRESS AND PHONE NO.					DATE
Executive Officer, OL - 1202 Ames - x 3491					28 Aug 72
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Remarks: <p>The attached, new page 5 of our Agency Annual Report submission, corrects the information contained in paragraph 6 by including a phrase inadvertently deleted from the third sentence of the original version of that paragraph.</p>							
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FROM: NAME, ADDRESS AND PHONE NO.						DATE	
Chief, Planning Staff, OL 1236 Ames 3357 UNCLASSIFIED CONFIDENTIAL X SECRET						28 Aug 72	

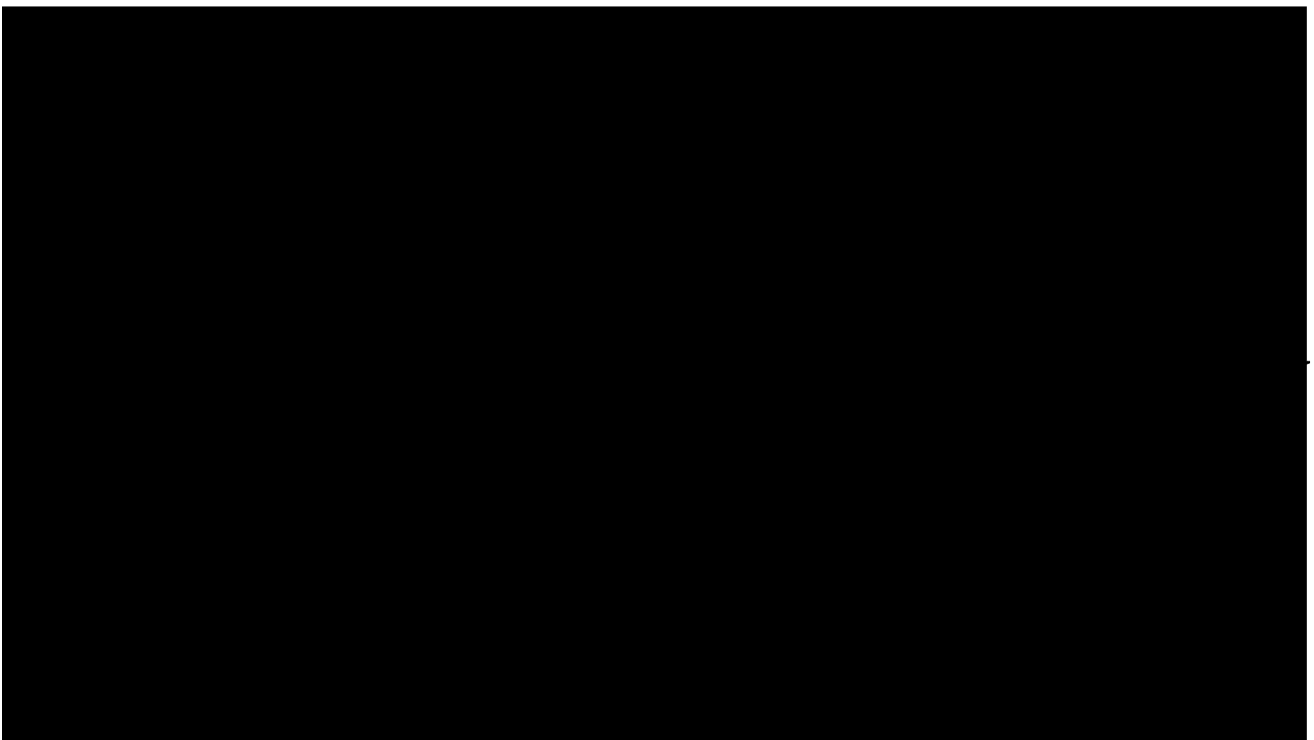
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5. Space Trends - Headquarters

The continued growth of computer centers and the formation of new organizational units have resulted in a significant impact on space in the Headquarters Building. The majority of requirements were met during fiscal year 1972 through relocations to Agency space in the Rosslyn area. Efforts to resolve the remaining requirements are continuing.

6. Yearend Procurement Activity



8. Impact of Inflation on the Logistics Budget

Although precise cost cannot be determined examples of the inflation impact on the budget are:

- a. Average staff and contract employment went down 1.3 percent, payroll costs went up 5.1 percent.
- b. Cost of telephone service increased by 6.5 percent in fiscal year 1972 due to rate increases effective December 1971.
- c. Cost of postage went up by approximately 33.3 percent in fiscal year 1972 with Postal Service rate increases effective in May 1971.

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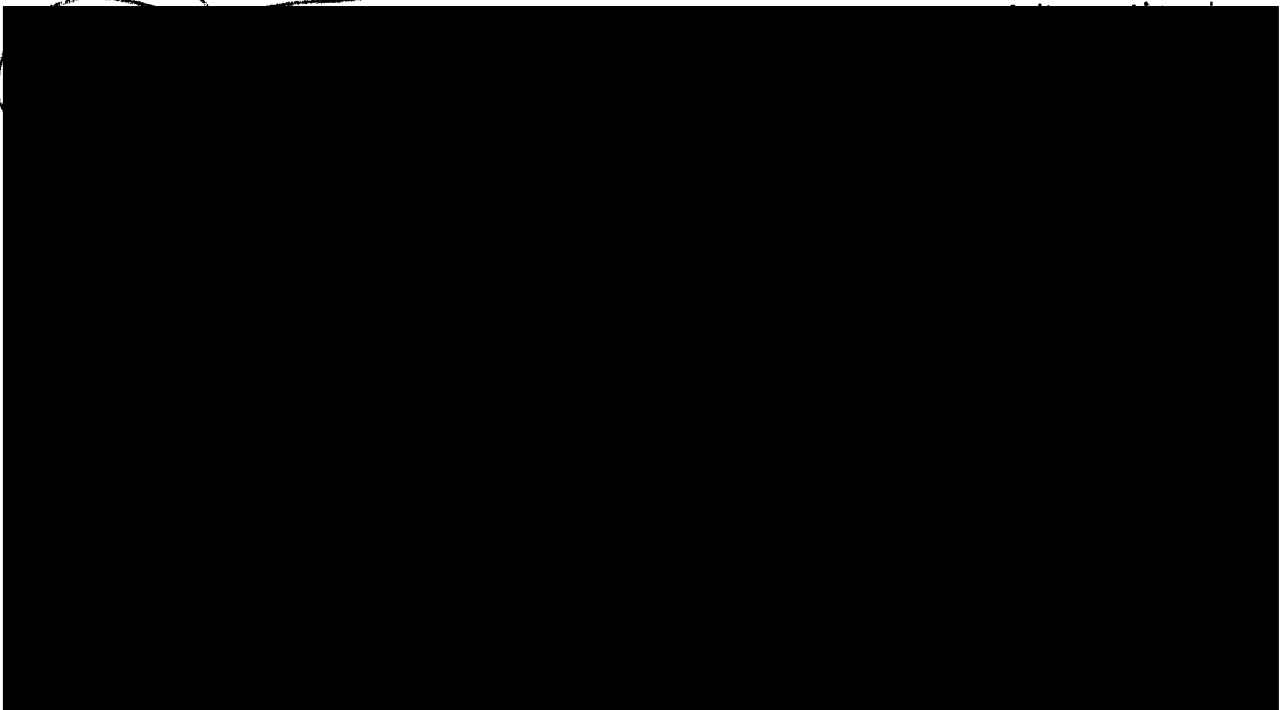
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5. Space Trends - Headquarters

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*contract actions and
more than 27 percent
of the year's*



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*See revised
page above*

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9. Support of Expanded Use of Machine Techniques

The Agency is capitalizing on technological advances and utilizing machine support more and more. Examples of the impact on the Office of Logistics budget are:

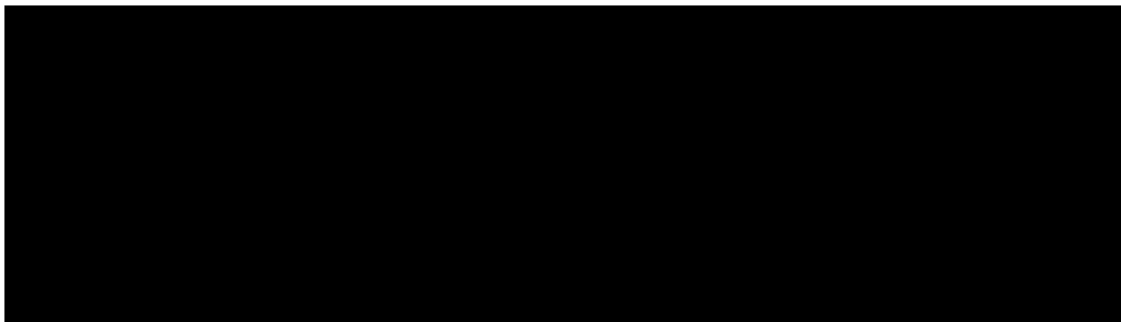
- a. Cost of improvements to electrical and air-conditioning systems servicing computer areas. Major investment items in fiscal year 1971 were \$300,000 for expansion of Electric Vault B and \$450,000 for the 200-ton chiller and header, and in fiscal year 1972 \$350,000 for a utilities system study.
- b. The nature of administrative stock reflects increasing emphasis on providing items for operation of machines. Examples include xerox supplies (paper, toner, developer), more costly ribbons for the Selectric II typewriters required for the automated cable system, and reader-printer supplies in support of the microfilm program (the latter will be assumed by the Office of Logistics in fiscal year 1973).

10. Costs for Support Previously Furnished by GSA

A perceptible trend toward the Agency assuming financial responsibility for items previously funded by GSA is expected to continue. Example of items are:

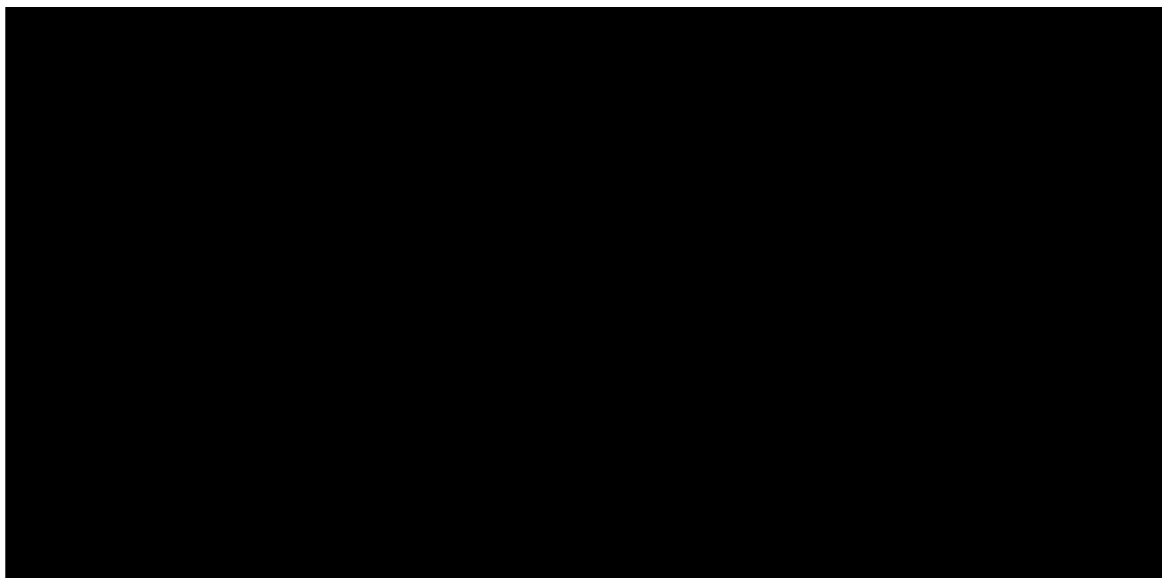
- a. Effective with fiscal year 1971, the Agency reimburses GSA for the cost of providing adequate electrician support to the NPIC building. (FY 1971 \$109,000, FY 1972 \$125,000).
- b. Effective with fiscal year 1972, the Agency is reimbursing GSA for the cost of removing [REDACTED] (\$75,000).

11. Property Procurement Trends

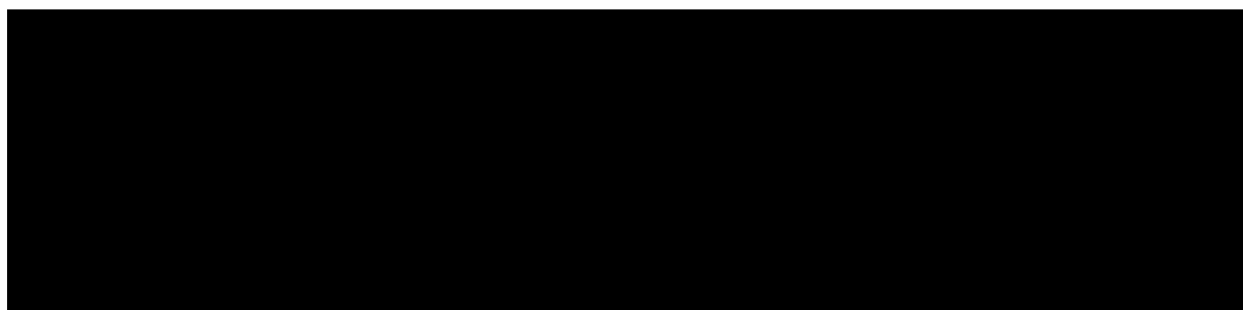


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The materiel category 'mix' of property procurement obligations vividly illustrates the impact of the changing Office of Logistics role in support of operations;



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- b. In fiscal year 1972 "direct" procurement increased by 15.8 percent. Since the amount of "direct" procurement roughly equates with workload impact on the Procurement Division, it appears that we are faced with increasing requirements to support other types of Agency operations. Since OI does not yet know the extent or precise nature of requirements for materiel support in fiscal year 1973, it is impossible to determine whether this represents a significant trend or whether the increase is unique to fiscal year 1972.

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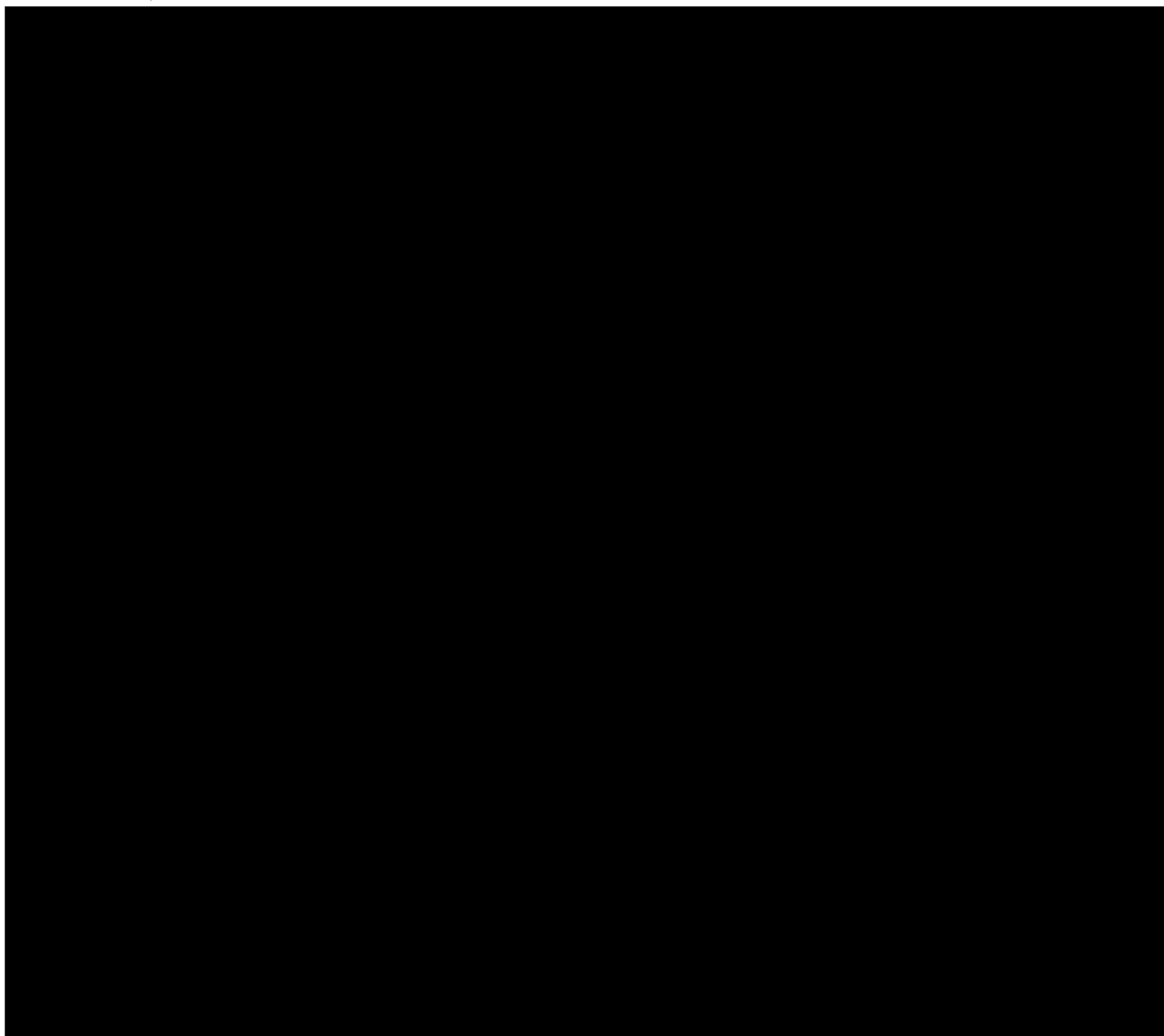
SECTION II

Major Accomplishments - Logistics Support

1. Acquisition and Changes in Logistics Depot and Storage Facilities

Logistics depot construction and acquisitions were initiated during the year which will improve immeasurably OI's support capabilities in the years ahead. Noteworthy among these were:

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2. Headquarters Garage and Master Plan

The National Capital Planning Commission (NCPC) gave preliminary site plan approval for the New Headquarters Garage which will be a replacement for a similar leased facility. In preparation for final NCPC approval of garage construction, a concurrent presentation of the preliminary Master Plan for the Headquarters complex and final design of the garage are tentatively scheduled for the NCPC hearing in October 1972.

3. Utilities Reliability Studies

A utilities reliability study of the Headquarters complex was completed in December and a heating, ventilating, and air-conditioning study was funded in June. These actions will result in increased utilities systems capacity and more reliable support of utilities requirements. A contract was also let for a utilities reliability study at NPIC. In addition, a 150-ton chiller to serve the critical areas of the facility was installed and two of the large 800-ton chillers were repaired, with the replacement of the third large chiller currently underway.

4. Environmental Protection

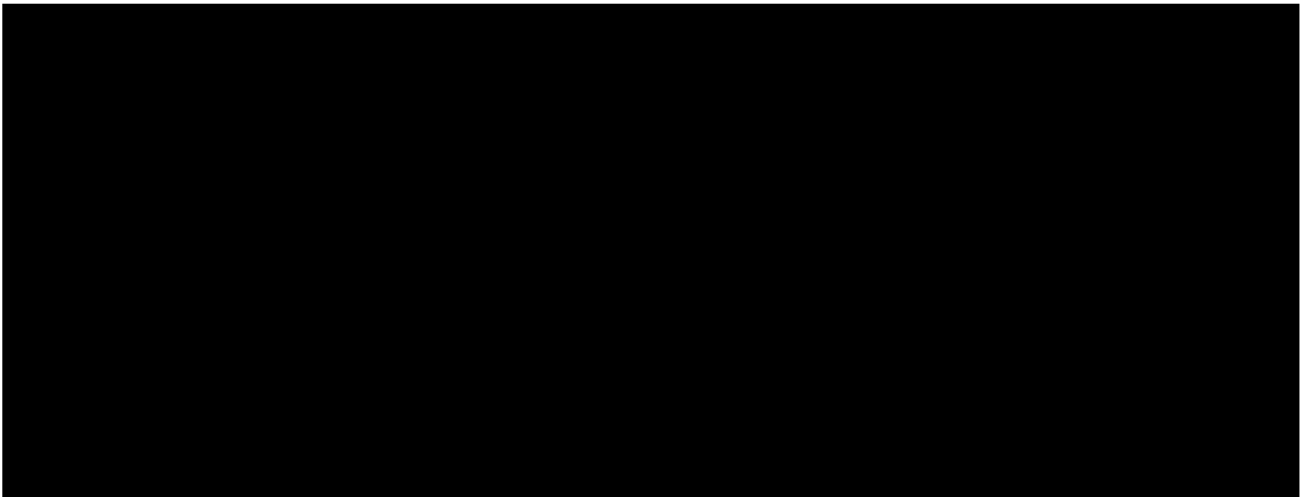
Environmental protection studies and surveys of all major installations and holdings within the United States was initiated. Corrective action has either been accomplished, funded, or planned awaiting future funding action.

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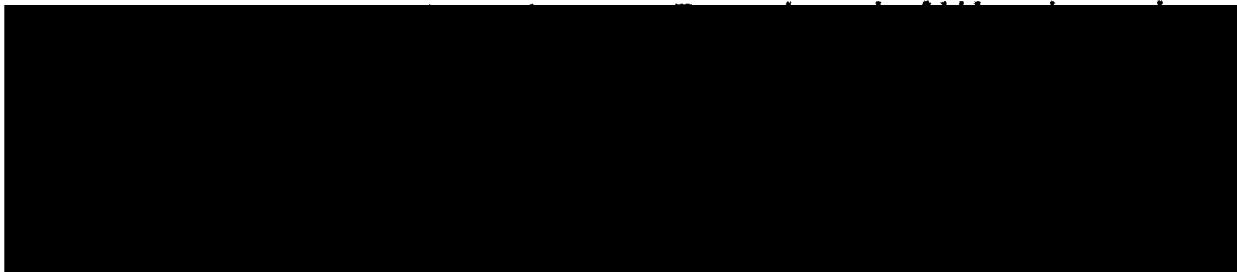
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7. Special Support - High Risk Areas

Since the Office of Logistics deals daily with many of the major branches of the Government, it is often requested to give assistance where others are ill-equipped or unprepared to do so. One example of this type of aid was rendered

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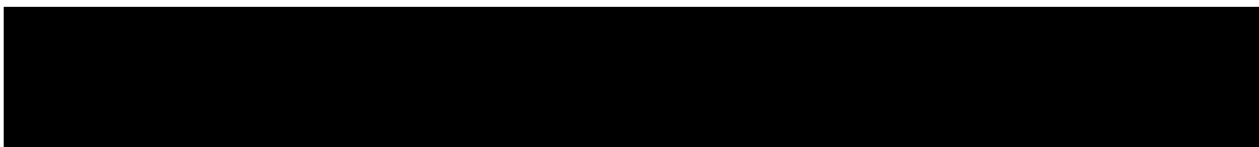


8. Cost Reduction - New Contract Negotiation Technique

Increased emphasis has been placed on a negotiation technique which recognizes the capital investment made by a contractor and allows him a reasonable return on such investment in the form of contract profits. This technique has been used by Logistics Procurement for some time, but is now being used more extensively since it will soon be included in the Armed Services Procurement Regulations as an authorized technique. Use of this technique during three negotiations during the month of June 1972 resulted in negotiated firm-fixed-price savings of \$550,000 on proposals totalling \$4-1/2 million.

9. Increased Efficiency - Logistics Procurement

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10. Training - General

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██████████ employees, or approximately 32 percent of the entire Logistics Career Service, completed one or more training courses, including seven individuals sponsored for full-time academic training. In addition, a 2-week orientation course for Logistics Careerists returning from overseas was designed, created, and twice held. While the employees on board were being trained, it was recognized that a continuing need exists to attract professional specialists into Logistics programs, and the Office of Logistics has entered into a cooperative program to attract persons with needed skills in contract negotiation, engineering, and printing.

11. Training - Contract Administration

A training course entitled "The Project Officer in the Contract Cycle" was developed in coordination with the Office of Training and is conducted jointly by a consulting firm and DD/S&T and Office of Logistics personnel. Approximately 100 project officers involved in contract administration attended the course during 1972.

12. Upgrading of the Contract Information (CONIF) System

Upgrading began in November 1971 with the introduction of a new software package, General Information Management System (GIMS) ██████████ Inc. Testing is nearing completion, and 38,000 of the 42,000 total contract actions are now in the system. The Logistics portion of the upgraded CONIF will be fully operational by 31 July 1972.

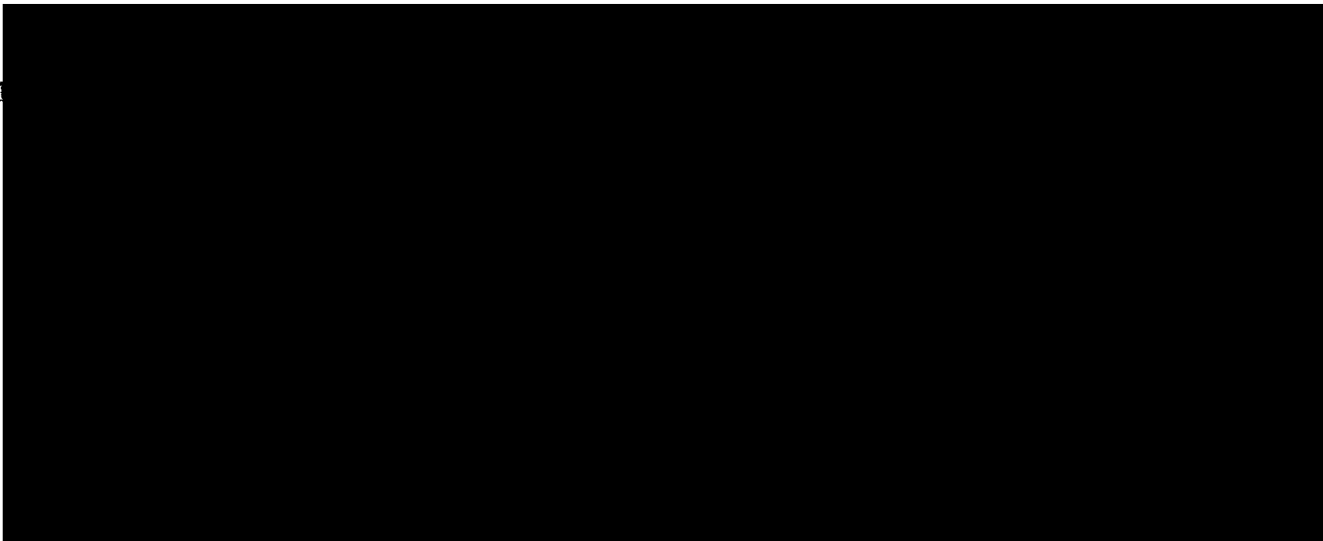
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13. Patent Searches - Employee Inventions

The Office of Logistics accepted responsibility for conducting patent novelty searches on those employee inventions which are recommended to it by the Agency Patent Advisory Board. In FY 1972, 14 patent novelty searches were undertaken by outside patent attorneys. Eleven of the searches concluded with recommendations for the prosecution of patent applications.

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15. Logistics Support Services from the Handicapped

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The Office of Logistics, [REDACTED] began cooperating with the Fairfax Activity Center for Retarded Adults in September of 1971 to provide mentally retarded adults an opportunity to accomplish constructive tasks. During the year the Center has bagged some 18,000 electronic components in plastic containers, fabricated 6,500 corner pads for use in the Packing and Crating Section of the Depot, and attached some 32,000 letterex sheets to allow continued use of an otherwise outdated form. These services were obtained at no cost to the Government while providing those so unfortunately afflicted with useful work.

16. Improvement of Employee Working Environment

A number of positive improvements were made throughout the year with the cooperation of the Fine Arts Committee. These included the selection of contemporary style furniture to replace the old traditional style which has been in use for many years, and redecorating with accent color schemes in place of the drab gray which has been the standard overall interior decor in the past. Snack bar areas were also redecorated and new vending machines were installed.

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SECTION III

Looking Ahead - Logistics Support

1. Impact of Logistics Strength Reductions

The loss of 50 SL positions in Headquarters and overseas will have its greatest impact in fiscal year 1973. The surplus of supply officers will result in fewer, and slower, promotions and unless actively combated, will be deleterious to the morale of the Career Service. On the positive side, the Office of Logistics will continue to train a high percentage of SL careerists to accomplish its mission with fewer personnel and without significant loss of efficiency. Internal and external training in management and technical subjects, as well as expansion of the newly established cooperative program for engineers and printing specialists, will be utilized.

2. Effect of Strength Reductions on Printing Production

The authorized strength of Printing Services Division was reduced by 15 positions, primarily as a direct result of a reduction in the National Intelligence Survey publications program. It is anticipated that the staffing reduction will not adversely affect the ability of the division to meet forthcoming requirements for printing support services.

3. Advantages to the Agency - New Headquarters Garage

The relocation of the Agency's Motor Pool from its present location [REDACTED] Virginia, to a new building on the Headquarters compound will result in tangible savings and intangible advantages. The one-hour required each day to move all vehicles and drivers between [REDACTED] and Headquarters will be eliminated. This involves the drivers of all buses, limousines, and the majority of assigned vehicles which are garaged overnight at [REDACTED]. Travel time will also be eliminated for servicing vehicles at [REDACTED]. The consolidation of Motor Pool personnel will also improve supervisor/employee communications and relations. The Headquarters Motor Pool Garage is planned for occupancy in mid-calendar year 1974.

4. Procurement Management Action Plans

During fiscal year 1973, Logistics Procurement Management action will be taken on:

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- a. Management surveys of the several contracting elements to identify areas requiring management attention.
- b. A study to define a practical procurement planning system which accords with applicable laws and regulations.
- c. A study to define selected financial and technical performance management reporting systems to be employed in the performance and administration of Agency contracts.
- d. A study to determine the feasibility of adding information to CONIF on contractor proposals, and contacts with active or potential Agency contractors by Agency personnel.

5. Reduce the Peaking of Yearend Procurement

The Office of Logistics intends to closely monitor the policy directive on procurement planning contained in the Executive Director-Comptroller's memorandum dated 7 March 1972, Yearend Procurement Funding. Adherence to the directives contained should materially reduce the historic upsurge of procurement activity during the end of each fiscal year.

6. Improved Techniques - Financial Property Accounting

During the course of the year, changes in the Financial Property Accounting (FPA) procedures were implemented which have a significant impact on the Agency's philosophy regarding the control of property. Type II FPA procedures were modified in October 1972, and the Type III and Property-In-Use accounts at Headquarters are scheduled for modification during the first quarter of FY 73. These revised procedures have, or will, obviate much of the paperwork previously required, and transfers to the station or office concerned the responsibility for maintaining its own property account -- a task heretofore performed by OL.

7. Consolidation and Upgrading of Agency Facilities

- a. The trend for the consolidation and upgrading of Agency facilities can be expected to continue. The present trend toward greater use of electronic items to accomplish routine and specialized tasks will require a continuing program for the refinement, upgrading, improvement of reliability and increases in the utilities systems at all Agency-controlled stations and bases in order to meet the increased demand placed upon such systems.

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- b. GSA can be expected to exercise its mandate for the surveying of federal real property to determine if such property is being effectively and efficiently used. If such property or facilities are not being effectively used, then requests will be made by GSA to have it declared excess. The burden will continue to be placed upon the holder of the inspected property or facility to provide the necessary justification for the continued need for such property.

8. Real Estate Funds Requirements

The continuing trend in consolidation and upgrading of aging Agency facilities will require more funds rather than less if they are to remain as on-going programs. The recently enacted amendments to the Public Buildings Act of 1959 wherein GSA will charge for maintenance services will have a decided impact on funds requirements. The magnitude of this impact will not be known until GSA publishes the necessary implementing regulations to include the charges for their services. The best information available at this time is that affected Agencies will have to budget for such support in FY 75 or 76.

9. Environmental Protection

It can be expected that environmental inspection standards will become more stringent which will have an impact primarily on our domestic activities. Proper planning and coordination in this area will result in holding these new standards within tolerable limits, especially in regards to funding requirements.

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CHRONOLOGY OF MAJOR EVENTS

7 July 1971 Environmental protection studies initiated

15 July 1971

25 September 1971 Field survey and design drawings for the Headquarters
Garage completed

27 September 1971

1 November 1971 Publication of Atlas "Peoples Republic of China"

1 November 1971

27 March 1972

Utilities reliability study of Headquarters complex completed

30 June 1972

The Consolidated Logistics System (COLOGS) became operational

30 June 1972

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